



**REVISED BOARD CHARTER ON
CORPORATE GOVERNANCE OF
ETIQA LIFE AND GENERAL ASSURANCE
PHILIPPINES, INC.**



*Approved by the Board on 06 September 2019
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**Revised Board Charter on Corporate Governance of
Etiqa Life and General Assurance Philippines, Inc.**

Etiqa Life and General Assurance Philippines, Inc. (the Company) hereby establishes its corporate charter to achieve policyholder and market investor confidence, sustain growth of the insurance industry and thereby contribute to the country's economic well-being.

The Board of the Directors (the Board) acknowledges the importance of developing and maintaining a framework of Corporate Governance that is robust and sound to promote a culture of integrity and transparency throughout the Company. Corporate Governance is the framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates. In this regard, all directors are required to maintain the highest standards of transparency, integrity and honesty. This standard serves as the basis for the principles that govern directors' conduct and their relationship with the Company's stakeholders.

The Corporate Governance Charter (the Charter) outlines amongst others, the respective roles, responsibilities and authorities of the Board (both individually and collectively) in setting the direction, management and control of the organization.

The Board may from time to time review the contents of the Charter to ensure its relevance and effectiveness in the light of the ever-changing environment in which the Company operates.

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CHAPTER 1 THE BOARD OF DIRECTORS

Part 1 Primary Responsibility of the Board of Directors. The Company shall be headed by an effective Board to lead and control the Company and ensure its success. The business and affairs of the Company are managed under the direction and oversight of its Board which also has the responsibility to periodically review and approve the overall strategies, business, organization and significant policies of the Company. The Board also sets the Company's core values and adopts proper standards to ensure that the Company operates with integrity and complies with the relevant rules and regulations. The Board has the responsibility to approve and periodically review the overall business strategies and significant policies of the Company, premised on sustainability and promoting ethical conduct in business dealings, understanding the major risks faced by the Company, setting acceptable levels of risk taking and ensuring that senior management takes the steps necessary to identify, measure, monitor and control these risks. The Board also approves the organizational structure and ensures that senior management is monitoring the effectiveness of the internal control system. In particular, the Board shall:

1. Review and approve the Company's strategies, business plans, significant policies and annual budget.
2. Ensure and oversee the effective design and implementation of sound internal controls, compliance and risk management systems commensurate with the nature, scale and complexity of the business and structure of the Company.
3. Provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risks to be assessed and managed.
4. Set the Company's strategic aims.
5. Ensure that the necessary financial and human resources are in place for the Company to meet its objectives and review management performance.
6. Set the Company's values and standards.
7. Ensure that its obligation to shareholders and others are understood and met.
8. Approve the recruitment, appointment, promotion confirmation and termination of service, as well as the remuneration package and compensation and benefits policies and the terms and conditions, including the job grade of executives in key management positions.
9. Approve the organizational structure and oversee the performance of senior management in managing the business and affairs of the Company.
10. Determine the general composition of the Board (size, skill and balance between executive directors, if any, and non-executive directors) in order to ensure that the Board consists of the requisite diversity of skills, experience, gender, qualification and other core competencies required.
11. Ensure that the Company has a beneficial influence on the economic well-being of the communities within which it operates.
12. Ensure the succession planning of executives in key management positions.
13. Ensure that the Board is supported by a suitably qualified and competent Corporate Secretary.
14. Ensure that the Board members have access to appropriate education and training programs to keep abreast of the latest developments in the industry and as may be prescribed by the regulatory authorities from time to time.
15. Approve financial statements (and ensuring reliability of the same) as well as the interim dividend and recommend final dividend to shareholders.
16. Approve policies pertaining to corporate image, brand management, community relations, investor relations and shareholder communications.
17. Approve a framework of remuneration for directors, covering fees, allowances and benefits-in-kind (directors of all boards and committees).
18. To define appropriate governance policies and practices for the Company and for its own work and to establish means to ensure that such are followed and periodically reviewed for ongoing improvement.



19. To constitute committees to increase efficiency and allow deeper focus in specific areas.
 - 19.1 The board of directors shall approve, review and update from time to time or whenever there are significant changes therein, the respective charters of each committee or other documents that set out its mandate, scope and working procedures;
 - 19.2 The board of directors shall appoint members of the committees comprising of independent directors and non-executive members of the board taking into account the optimal mix skills and experience to allow the members to fully understand, be critical and objectively evaluate the issues.
 - 19.3 The board of directors shall ensure that each committee shall maintain appropriate records of their deliberations and decisions. Such records shall document the committee's fulfilment of its responsibilities and facilitate the assessment of the effective performance of its functions.
20. To effectively utilize the work conducted by the internal audit, risk management and compliance functions and the external auditors.

Part 2 Governing Standards. The Board shall observe the following essential standards:

1. The Board shall meet regularly to discharge its duties efficiently. The Board shall meet before the start of the financial year and at least quarterly during the year. There should be a meeting before the start of the financial year. The quorum to conduct business and render board decisions is majority of the total number of board seats.
2. The meetings of the board of directors may be conducted through modern technologies such as, but not limited to, teleconferencing and video conferencing as long as the director who is taking part in said meetings can actively participate in the deliberations on matters taken up therein.
3. The Corporate Secretary shall provide the board members with the meeting materials at least five (5) business days before the meeting.
4. The Company shall, in its annual report include a statement of how the Board operates, types of decisions to be followed by the Board and those that are to be delegated to management.
5. The Company's annual report shall identify the Chairman, Vice-Chairman (if there is one), independent directors, chairmen and members of the nomination, audit and remuneration committees. The annual report shall disclose the profile or qualifications of the Audit Committee members.
6. The Company's annual report shall also disclose the number of meetings of the Board as well as those of the committees and attendance by its directors.
7. The Chairman of the Board shall hold meetings with the non-executive directors without the executives' presence to evaluate the executives' performance.
8. The non-executive directors, led by the independent director, shall meet separately at least once during the year without any executives present to appraise the Chairman's performance and on other such occasions deemed appropriate.
9. Non-executive directors shall meet as may be necessary, other than in meetings of the audit committees, with the external auditors and heads of the internal audit, compliance and risk management functions.
10. All concerns of the directors about running the Company shall be recorded in the minutes of the Board.
11. The Company shall arrange for an appropriate insurance cover with respect to legal action against its directors in relation to their official functions.



Part 3. Specific Responsibilities of the Board of Directors

1. Review and adopt a strategic plan for the Company. In this regard, the board shall annually review the Company's vision and mission statements. They shall also monitor and oversee the implementation of the Company's corporate strategy.
2. Oversee the conduct of the Company's business to ensure that the business is being properly managed and dealings with policyholders, claimants and creditors are fair and equitable.
3. Identify principal business risks and ensure the implementation of appropriate risk management systems to specifically manage the underwriting, reinsurance, investment, financial and operational risks of the Company.
4. Approve corporate policies in core areas of operations, specifically underwriting, investments, reinsurance and claims management.
5. Plan succession, including appointing, training, fixing the compensation of and where appropriate, replacing senior management.
6. Develop and implement an investor relations program or adopt shareholder communications policy for the Company.
7. Review the adequacy and the integrity of the Company's internal control systems and management information system including systems for compliance with the Insurance Code and other applicable laws, regulations, rules, directives and guidelines.
8. Select and appoint officers who are qualified to administer insurance affairs soundly and effectively and to establish an adequate selection process for all personnel.
9. Apply fit and proper standards on personnel. It must have integrity, technical expertise and experience in the institution's business, either current or planned, which should be key considerations in the selection process.
10. Establish an appropriate compensation package for all personnel that are consistent with the interest of all its stakeholders.
11. Review and approve material transactions not in the Company's ordinary course of business.
12. Establish a system of check and balance which applies to the Board and its members.
13. Have an appropriate reporting system so that the Board can monitor, assess and control the performance of Management.
14. Present to all its members and shareholders a balanced and understandable assessment of the Company's performance and financial condition.
15. Comply with the Company's Code of Conduct and Ethics.
16. Appoint a Chief Compliance Officer who shall be responsible for coordinating, monitoring and facilitating compliance with existing laws, rules and regulations.
17. The Board shall be entitled to the services of a Corporate Secretary who must ensure that all appointments are properly made, that all necessary information are obtained from the directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the requirements of the Insurance Commission and other regulatory agencies.

Part 4 Constitution of the Board of Directors. The composition of the Board reflects a good measure of objectivity and impartiality in order to ensure the interest of the shareholders are protected.

1. **Board Size.** The general management of the Company shall be vested in the Board of nine (9) directors who shall be stockholders and who shall be elected annually by the stockholders owning and representing majority of the subscribed capital stock for the term of one (1) year and shall serve until the election and qualification of their successors. Any vacancy in the Board, other than by expiration of term or removal by the stockholders, shall be filled by the



remaining members of the Board constituting a quorum and the director or directors so chosen shall serve for the unexpired term.

2. The Company shall ensure that independent directors constitute at least twenty percent (20%) of the members of the board. Any fractional result from applying the foregoing required proportion shall be rounded-off to the nearest whole number.
3. The Board shall endeavor to include a balance of executives and non-executive directors, such that, no individual or group of individuals can dominate the Board's decision making.
4. Non-Filipino citizens may become members of the Board of Directors of the Company to the extent of the foreign participation in the equity of said insurance Company.
5. **The Chairman, Vice-Chairman and the President.**
 - 5.1. Considering that the insurance business is imbued with public interest, the role of the Chairman and President shall be separate, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and Vice-Chairman of the Board shall be a non-executive directors.
 - 5.2. The Chairman, Vice-Chairman and President shall be elected by the Board from their own number.
 - 5.3. The Vice-Chairman supports the Chairman in the discharge of his duties. In the absence of the Chairman at meetings, the Vice-Chairman shall preside.

Part 5 Board Balance and Independence.

1. Board Balance

- 1.1. The Board shall include a balance of executive directors and non-executive directors such that no individual or small group of individuals can dominate the Board's decision making.
- 1.2. Only the Committee Chairman and members are entitled to be present at the nomination, audit and remuneration committee meetings but others may attend at the invitation of a particular committee.
- 1.3. The Board shall identify in its annual report any non-executive director it considers to be independent.
- 1.4. The Board shall determine whether a director is independent in character and judgment or there are relationships or circumstances which are likely to affect the director's judgment.

2. Multiple Board Seats

- 2.1. Directors are not allowed to sit on the boards of more than five (5) listed companies and must hold less than fifteen (15) directorships in non-public listed companies, to ensure that their commitment, resources and time are more focused, enabling them to discharge their duties.
- 2.2. **Consultation prior to External Appointments.** The Board values the experience and perspective that the non-executive directors gain from service on the boards of other companies, organizations or associations. However, prior to the acceptance of any relevant external appointments such as directorship of listed companies, organizations or other associations, non-executive directors should first consult the Chairman on such proposed appointment. In any event, such commitments should not: (1) cause a conflict of interest for the director (2) affect the director's independence (3) have potential reputational consequence to the Company and (d) place demands on the director's time that could hinder their ability to attend board meetings and discharge their responsibilities to the Company.
- 2.3. **Limitation for the CEO.** The CEO must devote the whole of his professional time to the service of the Company unless the Board approves in writing. The Board may allow the CEO to assume a position of responsibility outside the Company if the Board is satisfied that the proposed position would not: (1) create substantial conflicts of interest or



demands on the CEO's professional time and (2) result in the CEO's holding directorships in more than five (5) entities other than the Company.

3. Appointments to the Board.

- 3.1. There shall be a formal, rigorous and transparent procedure for the selection and appointment of new directors to the Board.
- 3.2. Appointments to the Board shall be made on merit and against subjective criteria.
- 3.3. Careful deliberation and consideration shall be done to ensure that appointees have enough tie for the job. This is particularly important in the case of Chairmanship.
- 3.4. Plans shall be in place for orderly succession to the Board and that of the senior management level in order to maintain a balance of appropriate skills and experiences within the Company.
- 3.5. The Board shall constitute the following Committees: (a) Nomination Committee (b) Audit Committee and (c) Remuneration Committee.

4. Corporate Governance Committee (formerly Nomination and Remuneration Committee)

- 4.1. The minimum number of members is three (3). The Committee shall have an independent director as the Chairman and shall comprise of only non-executive directors, of which the majority shall be independent.
- 4.2. Recommended frequency of four (4) meetings during the year.
- 4.3. Shall be responsible for ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines. It shall oversee the periodic performance evaluation of the Board and its Committees and senior management, and shall also conduct an annual self-evaluation of its performance. The committee may coordinate with external facilitators in carrying out board assessment, within the frequency approved by the entire board. The committee shall also decide the manner by which the Board's performance may be evaluated and propose an objective performance criteria approved by the Board.
- 4.4. Shall make recommendations to the Board regarding the continuing education of directors, assignment to board committees, succession plan for the board members and senior management, and their remuneration commensurate with corporate and individual performance.
- 4.5. Shall review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Directors. It should prepare a description of the roles and capabilities required of a particular appointment.
- 4.6. For the appointment of the Chairman, it should prepare job specifications, including an assessment of the time commitment expected of him, recognizing the need for his availability in the event of crisis. The Chairman's other significant commitments shall also be disclosed to the Board before his appointment and included in the annual reports. Any change thereof shall be reported to the Board and included in the next annual report.
- 4.7. The terms and conditions of appointment of non-executive directors shall be made available for inspection. The letter of appointment shall specify the expected time commitment. They shall undertake sufficient time to meet and do what is expected of them. Their other significant commitments shall be disclosed to the Board before appointments, indicating the time lines and in any case, the Board shall be informed of subsequent changes.
- 4.8. Shall consider the following guidelines in the determination of the number of directorship for the Board: (A) nature of the business of the corporation where he is director (B) age of the director (C) number of directorships/active memberships and officerships in other corporations or organizations and (D) possible conflicts of interest.



- 4.9. Generally, the optimum number shall be proportional to the capacity of a director to perform his duties diligently.
 - 4.10. The nomination process involves the following stages: (1) nomination of candidates (2) evaluation and suitability of candidate (3) meeting up with candidates (4) final deliberation by the Nomination Committee and (5) recommendation to the Board.
 - 4.11. It shall judge or make plans where to position the Company relative to other companies. But such comparisons shall be used with caution in view of the risk of an upward ratchet of the level of remuneration with no corresponding improvement in performance.
 - 4.12. It shall delegate responsibilities for setting up remunerations for all executive directors and chairman, including pension rights or any compensation payments.
 - 4.13. It shall also recommend and monitor the level and structure of salaries including remunerations for senior management. The definition of senior management for this purpose shall be determined by the Board but would normally include first level management below Board level.
- 5. Audit Committee**
- 5.1 Shall be comprised entirely of non-executive directors with a majority of independent directors. At least one of the members has accounting, audit related financial management expertise or experience. The Chairman must be an independent director.
 - 5.2 Shall meet at least four (4) times during the year.
 - 5.3 Provides oversight of the Company's internal and external auditors.
 - 5.4 To review the appointment and qualification, replacement or dismissal of the Head of Internal Audit (HIA) who shall functionally report directly to the Audit Committee
 - 5.5 To establish a mechanism to assess the performance and effectiveness of the internal audit function.
 - 5.6 To review the performance of the external auditors and to assess the qualification, expertise, resources and effectiveness of the external auditors, including the assessment of the external auditors' objectivity and performance.
 - 5.7 To review the external auditor's evaluation of the adequacy and effectiveness of the system of internal controls.
- 6. Related Party Transaction Committee**
- 6.1. The minimum number of members is three (3). The Committee shall have an independent director as the Chairman and shall comprise of only non-executive directors, of which the majority shall be independent.
 - 6.2. Recommended frequency of four (4) meetings during the year.
 - 6.3. Shall evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships shall be reflected in the relevant reports to the board and regulators/supervisors.
 - 6.4. Shall evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.
 - 6.5. Shall ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest.
 - 6.6. Shall report to the board of directors on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties.



- 6.7. Shall ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.
- 6.8. Shall oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

7. Members of the Board of the Directors

7.1. Essential Standards

- 7.1.1. All directors shall make decisions objectively in the interests of the Company.
- 7.1.2. Non-executive directors shall scrutinize the performance of management in meeting agreed goals and objectives and monitor the performance report.
- 7.1.3. Non-executive directors shall constructively challenge and help develop strategic proposals for the Company.
- 7.1.4. Non-executive directors shall satisfy themselves of the integrity of financial information and financial controls as systems of risk management.

7.2. Minimum Qualifications of Directors

- 7.2.1. Directors sitting on the Board shall be possessed of the necessary skills, competence and experience, in terms of management capabilities preferably in the field of insurance or insurance-related disciplines. At least one (1) non-executive director must have prior working experience in the insurance industry. In view of the fiduciary nature of insurance obligations, directors shall also be persons of integrity and credibility.
- 7.2.2. Every director shall own at least one (1) share of the capital stock of the Company whose share should be in his name and recorded in the books of the Company.
- 7.2.3. Each director shall be at least twenty-five (25) years of age at the time of his election.
- 7.2.4. At least a college graduate or has at least five (5) years of experience in business.
- 7.2.5. Each director must have attended a special seminar on corporate governance for board of directors conducted by a training provider accredited by the Insurance Commission.
- 7.2.6. Must be fit and proper for the position of a director of the Company, taking into account the following factors: integrity/probity, competence, relevant education/training (e.g. financial literacy), physical and mental fitness, diligence, knowledge and experience.
- 7.2.7. The Board may establish a fixed retirement policy for directors.

7.3. Independent Directors¹

7.3.1. Basic Qualifications of Independent Directors

- 7.3.1.1. Is not or was not a regular director, officer or employee of the Company, its subsidiaries, affiliates or related companies² during the past three (3) years counted from the date of his election/appointment.

¹ Shall mean a person other than an officer or employee of the Company, its parent or subsidiaries, or any other individual having any relationship with the Company, which could interfere with the exercise of independent judgment in carrying out the responsibilities of a director. This means that apart from the director's fees and shareholdings, he should be independent of management and free from any business or other relationship that could materially interfere with the exercise of his independent judgment.

² Related Company refers to the (a) Company's holding/parent Company (b) its subsidiary or affiliate (c) subsidiaries of its holding/parent Company or (d) a corporation where the Company or its majority stockholder own such number of shares that will allow/enable such person or group to elect at least one (1) member of the board of directors or a partnership where such majority stockholder is a partner.



- 7.3.1.2. Is not or was not a regular director, officer or employee of the Company's substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment.
- 7.3.1.3. Is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the board of directors of the Company or in any of its related companies or of its majority corporate shareholders.
- 7.3.1.4. Is not a relative by affinity or consanguinity within the fourth (4th) degree of a director, officer or stockholder holding shares of stock sufficient to elect one (1) seat in the board of the Company or any of its related companies or of any of its substantial stockholders.
- 7.3.1.5. Is not acting as a nominee or representative of any director or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders.
- 7.3.1.6. Is not or was not retained as a professional adviser, auditor, consultant, agent or counsel of the Company any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election/appointment.
- 7.3.1.7. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, and nominee of the firm to the Exchange, an associated person or salesman and an authorized clerk of the broker or dealer.
- 7.3.1.8. Is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the Company or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a Company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment.
- 7.3.1.9. Was not appointed in the Company, its subsidiaries, affiliates or related companies as Chairman "Emeritus", "Ex Officio" Regular Directors, Officers or Members of any Advisory Board or otherwise appointed in a capacity to assist the board of directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his election/appointment.
- 7.3.1.10. Is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders.
- 7.3.1.11. Is not employed as an executive officer of another Company where any of the Company's executives serve as regular directors.
- 7.3.2 Minimum Qualifications of Independent Directors.
 - 7.3.2.1 At least a college graduate or he shall have been engaged or exposed to the business for at least five (5) years and
 - 7.3.2.2 Possesses proven integrity, probity and independence.
- 7.3.3 Term Limits of Independent Directors. An independent director shall serve for a maximum cumulative term of nine (9) years. An independent director who served the maximum period shall be perpetually barred from any re-election but may continue as a non-independent director. Anything to the contrary requires, prior approval of the Insurance Commission.

7.4. Permanent Disqualifications of Directors. Directors/officers/employees permanently disqualified from holding a director position:



- 7.4.1. Persons who have been convicted by final judgment of the court for offenses involving dishonesty or breach of trust such as estafa, embezzlement, extortion, forgery, malversation, swindling and theft.
- 7.4.2. Persons who have convicted by final judgment of the court for violation of insurance laws.
- 7.4.3. Persons who have been judicially declared insolvent, spendthrift or unable to enter into a contract or (iv) directors, officers or employees of closed insurance companies or any insurance intermediaries who were responsible for such institution's closure as determined by the Insurance Commission.
- 7.4.4. Persons finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgression.
- 7.4.5. Persons finally found by the Securities and Exchange Commission or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Securities and Exchange Commission or Bangko Sentral ng Pilipinas.
- 7.4.6. Persons finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and
- 7.4.7. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.

7.5. Temporary Disqualifications of Directors. The following directors/officers/ employees disqualified from holding a director position for a specific/indefinite period of time. Their disqualification should be in effect as long as the delinquency persists.

- 7.5.1. Persons who refuse to disclose the extent of their business interests when required pursuant to a provision of law, circular, memorandum, rule and regulation of the Insurance Commission.
- 7.5.2. Directors who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all board meetings, both regular and special during their incumbency. This disqualification applies for purposes of succeeding elections.
- 7.5.3. Persons convicted for offenses involving dishonesty, breach of contract or violation of insurance laws but whose conviction has not yet become final and executory.
- 7.5.4. Directors and officers of closed insurance companies and insurance intermediaries pending clearance from the Insurance Commission.
- 7.5.5. Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification by the Insurance Commission.
- 7.5.6. Directors who failed to attend the special seminar on corporate governance. This disqualification applies until the director concerned had attended such seminar.
- 7.5.7. Persons dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity.
- 7.5.8. Those under preventive suspension.
- 7.5.9. Persons with derogatory records with the National Bureau of Investigation (NBI), court, police, Interpol and insurance authorities of other countries (for foreign directors) involving violation of any law, rule, regulation of the government or any of its instrumentalities adversely affecting the integrity and/or ability to discharge



the duties of an insurance director. This disqualification applies until they have cleared themselves of involvement in the alleged irregularity.

7.5.10. Persons who are delinquent in the payment of their obligations as defined hereunder:

7.5.10.1. Delinquency in the payment of obligations means that obligations of a person with the insurance Company or its related companies where he/she is a director or officer; or at least two obligations with other insurance companies, under different credit lines or loan contracts.

7.5.10.2. Obligations shall include all borrowings from an insurance Company or its related companies obtained by: (1) a director/officer for his own account or as the representative or agent of others or where he/she acts as a guarantor, endorse or surety for loans from such institutions (2) the spouse or child under parental authority of the director or officer (3) any person whose borrowings or loan proceeds were credited to the amount of, or used for the benefit of a director/officer (4) a partnership of which a director/officer or his/her spouse is the managing partner or a general partner owning a controlling interest in the partnership and (5) a corporation, association or firm wholly-owned or majority of the capital is contributed by any or a group of persons mentioned in the foregoing items (1),(2) and (4).

7.6. Fit and Proper Requirements. The Corporate Secretary shall submit to the Insurance Commission the following documents for new stockholders, directors and officers of the Company:

- 7.6.1. Duly notarized personal history statement or resume with three (3) references not related by reason of consanguinity or affinity.
- 7.6.2. Clearance issued by the National Bureau of Investigation (NBI).
- 7.6.3. Income Tax Return for the last three (3) years.
- 7.6.4. Clearance from immediate past employer.

7.7. Duties and Responsibilities of Directors and Independent Directors.³

- 7.7.1. Remain fit and proper for the position for the duration of his term.
- 7.7.2. Conduct fair business transaction. Directors shall conduct fair business transactions with the Company to ensure that personal interest does not bias board decisions.
- 7.7.3. Avoid conflict of interest. Directors, whenever possible, avoid situations that would give rise to a conflict of interest. If transactions with the institutions cannot be avoided, it should be done in the regular course of business and upon terms not less favorable to the institution than those offered to others. The basic principle to be observed is that a director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He shall avoid situations that would compromise impartiality.
- 7.7.4. Act honestly. Directors must act honestly, in good faith, and with loyalty to the best interest of the Company, its stockholders (regardless of amount of stockholdings) and other stakeholders such as its policyholders, investors, borrowers, other clients and the general public. A director must always act in good faith with care which an ordinarily prudent man would exercise under similar circumstances, while a director shall always strive to promote the interest of all stockholders. He shall also give due regard to the rights and interests of other stakeholders.

³ The Company shall furnish all directors with a copy of their duties & responsibilities at the time of their election to which they shall acknowledge receipt and certify full understanding of the same.



- 7.7.5. Devote time and attention. Directors must devote time and attention necessary to properly discharge their duties and responsibilities. Directors shall devote sufficient time to familiarize themselves with the Company's business. They must constantly be aware of the Company's condition and be knowledgeable enough to contribute meaningfully to the board's work. They must attend and actively participate in the board and committee meetings, request and review meeting materials, ask questions and request explanations. If a person cannot give sufficient time an attention to the affairs of the Company, he should neither accept his nomination nor run for election as member of the board.
- 7.7.6. Act judiciously and to contribute significantly to the decision-making process of the board. Before deciding on any matter brought before the board of directors, every director shall thoroughly evaluate the issues, ask questions and seek clarifications when necessary.
- 7.7.7. Exercise independent judgment. A director shall view each problem/situation objectively. When a disagreement with others occur, he shall carefully evaluate the situation and state his position. He shall not be afraid to take a position even though it might be unpopular. Corollary, he shall support plans and ideas that he thinks will be beneficial to the Company.
- 7.7.8. Have a working knowledge of the statutory and regulatory requirements. Directors must have working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its articles of incorporation and by-laws, the requirements of the Insurance Commission and where applicable, the requirements of other government agencies. A director shall also keep himself informed of the industry developments and business trends in order to safeguard the Company's competitiveness.
- 7.7.9. Observe confidentiality. Directors must observe confidentiality of non-public information acquired by reason of their position as directors. They may not disclose said information to any other person without the authority of the Board.
- 7.7.10. Appoint a Corporate Secretary. The directors shall appoint a Corporate Secretary who shall be a Filipino citizen capable of carrying out the duties to which the post entails and his removal shall be a matter for the entire Board to decide. The Corporate Secretary shall submit to the Insurance Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.
8. **Separation of Roles and Responsibilities between the Chairman and CEO.** The roles and responsibilities of the Chairman and the CEO are separated with a clear division of responsibilities, defined, documented and approved by the Board, in line with best practices so as to ensure appropriate supervision of the Management. This distinction allows for a better understanding and distribution of responsibilities and accountabilities. The respective roles of the Chairman and CEO are set out below.
- 8.1.1. The Role of the Chairman. The Chairman shall preside at all meetings of the directors and shall exercise such other powers and perform such other duties as the Board may, from time to time delegate. The Chairman leads the Board and is also responsible for the effective performance of the Board. The Chairman also cultivates a healthy working relationship with the CEO and provides the necessary support and advice as appropriate. Working together with the Board, the Chairman ensures amongst others that:
- 8.1.1.1. The setting of the Company's policy framework within which the senior management is to work, and ensure that the Board supports the strategy formulated by the Company and monitors its implementation.



- 8.1.1.2. The proceedings of the Board are conducted orderly, where healthy debate on issues being deliberated is encouraged to reflect as appropriate level of skepticism and independence.
- 8.1.1.3. The succession planning program for the Board and senior management are at the appropriate level of effectiveness.
- 8.1.1.4. The Board's decisions are reached by consensus (and failing this, reflect the will of the majority) and concern or dissenting view expressed by any director on any matter deliberated at meetings of the Board, or any of its Committees, as well as the meetings' decisions, will accordingly be addressed and duly recorded on the relevant minutes of the meeting.
- 8.1.2. The Role of the CEO. The CEO is delegated certain responsibilities by the Board and is primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Company. The CEO by virtue of this position also functions as intermediary between the Board and Management. His primary responsibilities are listed below. He may delegate any of these roles to any of the Company officers.
 - 8.1.2.1. Implementing the business and risk strategies, remuneration and other policies in accordance with the direction given by the Board.
 - 8.1.2.2. Establishing a management structure that promotes accountability and transparency throughout the Company's operations and preserves the effectiveness and independence of control functions.
 - 8.1.2.3. Promoting, together with the Board, a sound corporate culture within the Company which reinforces ethical, prudent and professional behavior.
 - 8.1.2.4. Addressing actual or suspected breaches of regulatory requirements or internal policies in a timely and appropriate manner.
 - 8.1.2.5. Regularly updating the Board with material information the Board needs to carry out its oversight responsibilities, particularly on matters relating to:
 - 8.1.2.5.1. The performance, financial condition and operating environment of the Board.
 - 8.1.2.5.2. Internal control failures, including breaches of risk limits.
 - 8.1.2.5.3. Legal and regulatory obligations, including supervisory concerns and the remedial actions taken to address them.
 - 8.1.2.5.4. Preside at all meetings of the stockholders and of the directors.
 - 8.1.2.5.5. Have direct and active management of the business and operations of the Company, conducting the same according to the orders, resolutions and instructions of the Board and according to his own discretion whenever and wherever the same is not expressly limited by such orders, resolutions and instructions.
 - 8.1.2.5.6. Exercise general supervision over all the officers and employees of the Company, and appoint at his discretion, remove or suspend all employees, agents and other subordinate personnel of the Company and prescribe their duties and fix and change from time to time their respective salaries and wages and require guarantees or bonds in such amounts as he may determine to secure faithful discharge by certain employees or agents of their official trust.
 - 8.1.2.6. Create, open and provide for the maintenance of such branches or agencies in the Philippines or in foreign countries and to appoint and vest authority in such officers and agents in said branches or agencies as the CEO deems expedient.
 - 8.1.2.7. Obtain loans, overdrafts and credit facilities from any banking institution, company, partnership or person in such amount and under such conditions or stipulations as he deems convenient and to secure its payment and its interests, as well. The President is likewise authorized to hypothecate or pledge the real and personal properties of the Company.



- 8.1.2.8. Execute on behalf of the Company all contracts and agreements which the said Company may enter into.
- 8.1.2.9. Sign, endorse and deliver all checks, drafts, bills of exchange, promissory notes and order for payment of sums of money in the name and on behalf of the Company.
- 8.1.2.10. Open bank accounts for the Company with any banking institutions in the Philippines.
- 8.1.2.11. Submit an annual report of the operations of the Company to the Board and at such time as the latter may request, an annual report thereof to the stockholders at the annual meeting.
- 8.1.2.12. Sign certificates of stock.
- 8.1.2.13. Exercise such powers and perform such other duties as the Board may from time to time fix or delegate.

9. Board Remuneration

- 9.1. Directors, as such, shall receive such compensation for their services as may be from time to time fixed by the stockholders.
- 9.2. Levels of remuneration shall be sufficient to attract and retain the quality of directors to run the Company successfully.
- 9.3. Significant proportion of executive directors' remuneration is structured so as to link rewards to corporate and individual performance.
- 9.4. Levels of remuneration of non-executive directors shall reflect their experiences, responsibilities and performances.
- 9.5. The performance related elements of remuneration shall form a significant proportion of the total remuneration package of executive directors and shall be designed to align their interests with those of shareholders and to give these directors keen incentives to perform at the highest levels.
- 9.6. Designate amount of remuneration which shall be at sufficient level to attract and retain directors and officers needed to run the Company successfully.
- 9.7. Levels of remuneration for non-executive directors shall reflect the time commitment and responsibilities of the office or position. Remuneration for non-executive directors shall not include share options. If options are granted, shareholders' approval shall be sought in advance and any share acquired by way of an exercise of an option. Holding of share options is relevant to determine the non-executive director's independence.
- 9.8. A fixed amount of remuneration shall be given to independent directors at the level sufficient to attract and retain the quality of directors to run the Company successfully. Entitlement to such fix amount shall be based on the results of independent ratings mechanism which shall be established for purposes of evaluating the performance of independent directors. Stock options and performance benefits of any kind shall not be included in their remuneration package.
- 9.9. Notice or contract periods shall be set at least one year or less. If it is necessary to offer longer notice or contract periods to new directors recruited from outside, such period shall be reduced to one (1) year or less after the initial period.
- 9.10. There shall be formal and transparent procedures for developing policy on executive remuneration and for fixing the remuneration packages of individual directors.
- 9.11. No director shall be involved in deciding his or her own remuneration.
- 9.12. A form shall be developed on Full Business Interest Disclosure as part of the pre-employment requirements. For all incoming officers and senior managers, they shall declare under penalty of perjury all their existing business interests or shareholdings that may directly or indirectly affect the performance of their duties.
- 9.13. Provide in the Company's annual report information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.



- 9.14. Review the existing Code of Conduct to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancements directories and compliance of the personnel concerned with all statutory requirements that must be periodically met in their respective posts.
- 9.15. The remuneration package of executive directors and /or senior executives must be approved by the board of directors.

10. Performance Evaluation.

- 10.1. A formal and rigorous annual evaluation of the Board's own performances and that of its committees and individual directors shall be undertaken.
- 10.2. The chairman shall act on the results of the performance evaluation by recognizing the strengths and addressing the weaknesses of each director. He may propose appointment of new members to the Board or seek resignation of directors.
- 10.3. Performance Evaluation of the Board, its committees and its individual directors shall be conducted and reported in the annual report.
- 10.4. Performance evaluation of the Chairman shall be made by non-executive directors, led by the senior independent director, taking into account the views of the executive director.

11. Election/Re-elections.

- 11.1. All directors shall be subject to votation by shareholders at the first annual general meeting after their nomination and to re-election thereafter annually. The names of directors submitted for election or re-election shall be accompanied by sufficient biographical details and any other relevant information to enable shareholders to have knowledge of their decision on their election.
- 11.2. Each director shall represent all shareholders and shall be in a position to participate independently and objectively.
- 11.3. Non-executive directors shall be elected for a specified term and removed in accordance with the Corporation Code of the Philippines.

12. Information and Professional Development.

- 12.1. The Chairman shall be responsible for ensuring that the directors receive accurate, timely and complete information.
- 12.2. The Chairman shall ensure that the directors continually update their skills, knowledge and familiarity with the Company's goals and objectives in order to fulfill their roles in the Board and/or board committees. Newly elected members of the board of directors (including corporate officers with rank of Vice-President and above) are required to attend a one (1) - day training program and orientation course on Corporate Governance conducted by duly accredited training providers of the Insurance Commission within the first six (6) months of their assumption into office. The Corporate Secretary shall file with the IC proof of compliance with the said requirement.
- 12.3. The Company shall provide the necessary resources in developing and updating its directors' knowledge and capabilities.
- 12.4. The Corporate Secretary through the Chairman shall be responsible for advising the Board about governance matters.
- 12.5. The Chairman shall ensure that as an integral element of the process of appointing new directors, the Company provides an orientation and education program for new recruits to the Board.
- 12.6. The Board shall ensure that directors, especially non-executive directors, have access to independent professional advice at the Company's expense to discharge their responsibilities as directors. Committees shall be provided with sufficient resources to undertake their duties.



12.7. All directors shall have access to the advices and services of the Corporate Secretary, who shall be responsible to the Board for ensuring that Board procedures are complied with. Both the appointment and removal of the Corporate Secretary shall be decided by the Board.

13. **Corporate Governance Reportorial Requirements to Regulatory Agencies.** The Corporate Secretary shall submit to the Insurance Commission the following:

- 13.1. Minutes of the Meeting of the Stockholders within thirty (30) days after each regular or special meeting.
- 13.2. Biographical Data of the Members of the Board of Directors within thirty (30) days after the election of the director concerned.
- 13.3. List of Independent Directors and their Affidavits under oath stating that they have no business dealings with the Company.
- 13.4. List of Officers as defined in the Company's By-Laws, stating their respective positions and/or designations with their respective biographical data. Any subsequent change in the biographical data and /or list of officers shall be submitted within thirty (30) days from date when such change occurs.

CHAPTER 2 ACCOUNTABILITY & AUDIT

Part 1 Financial Reporting. The Board's responsibility to present a balanced and understandable assessment of the Company's financial position and projects.

1. The Board shall ensure that it has a timely and accurate disclosure of all material matters, including the financial condition, performance, ownership and governance of the Company.
2. A fair and timely cost-efficient access to relevant information shall be provided to all parties having legitimate interest in the Company. Key financial information should be readily available to shareholders, policyholders, creditors and claimants.
3. The Board and senior management level shall receive regular reports on key aspects of the operations of the Company. This shall include an analysis of premium growth, underwriting, performance, investment, results, claims management and credit control, which could provide a sound basis for assessing and identifying real and potential problems by formulating appropriate policies and strategies thereof.
4. The Board shall ensure faithful compliance with the financial and other reportorial requirements under the Insurance Code using a standard format provided by the Insurance Commission.

Part 2 Internal Control and Risk Management

1. The Board shall ensure that an effective system of control is in place for safeguarding the Company's assets.
2. Major risks facing the Company which are likely to affect the performance and financial condition of the Company (including risks in underwriting, reinsurance, investment, geographical, operational and legal) and the approach taken by management in dealing with these risks shall be reported to the Board to enable the latter to effectively address said risks.
3. The Board shall ensure that reports accurately reflect the financial condition and the results of the Company's operations.
4. The Board shall regularly review the system of securing adherence to key internal policies as well as to significant laws and regulations that apply to it. An effective and comprehensive internal audit of the Company's internal control system shall be carried out by independent



and competent staff. Audit findings and recommendations shall be reported to the Board and the senior management level of the Company.

5. The Board shall protect the shareholders' value through adequate financial controls. The Board shall foster and encourage a corporate environment of strong internal controls, fiscal accountability, high ethical standards and compliance with law and conduct.
6. The Board of Directors shall review the Company's material controls (including operational, financial and compliance controls) and Risk Management System. The comment of the Board of Directors on the adequacy of the Company's internal controls/risk management system shall be contained and disclose in the Annual Report.

Part 3 Audit Commitment and Auditors

1. The Board shall establish an audit committee and Internal Audit Office.
2. Internal Audit shall be independent of the activities it audits and shall be done with impartiality and with professional care.
3. The Board of the Audit Committee shall review and assess the performance of senior internal audit staff, including their remuneration and annual increment.
4. The Audit Committee shall elevate to international standards the accounting and auditing processes, practices and methodologies.
5. The Board shall develop a definitive time table within which the accounting system of the Company will be 100% International Accounting Standard (IAS) compliant as well as furnishing an accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of the task.
6. Corporate independence shall be maintained so as not to compromise the interest of policyholders, claimants, creditors, minority shareholders and other stakeholders. Controlling or substantial interest shall be disclosed to the Board and the latter shall ensure compliance with the provisions of Insurance Code on holding companies.

Part 4 Duties and Responsibilities/Roles and Functions of the Board of Directors with respect to Related Party Transaction (RPT)

1. Over-all responsibility with respect to RPT. The board of directors shall have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable members, planholders, cardholders, claimants, creditors and other stakeholders. Towards this end, the board of directors shall carry out the following duties and responsibilities:
 - 1.1 To approve good governance and approve an overarching policy on the handling of RPTs to ensure that there is effective compliance with existing laws, rules and regulations at all times, that these are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged. A group wide RPT policy shall be adopted, encompassing all entries within the group, taking into account their size, structure, risk profile and complexity of operations.
 - 1.2 To approve all RPTs, those that cross the materiality threshold and write-off material exposures to related parties and submit the same for confirmation by majority vote of the stockholders in the annual stockholders' meeting. Any renewal or material changes in the terms and conditions of the RPTs shall also be approved by the board of directors. All final decisions of the board on material RPTs, including important facts about the nature, terms, conditions, original and outstanding individual and aggregate balances, justification and other details that would allow stockholders to make informed judgment as to the reasonableness of the transaction, must be clearly disclosed during stockholders meetings and duly reflected in the minutes of the board and stockholders' meetings.
 - 1.3 To delegate to appropriate management committee the approval of RPTs that are below the materiality threshold, subject to confirmation by the board of directors. All decisions



under the delegated authority must be properly recorded in the minutes of the committee meetings.

- 1.4 To establish an effective system to meet the (a) Determine, identify and monitor related parties and RPTs; (b) Continuously review and evaluate existing relationships between and among businesses and counterparties and (c) Identify, measure, monitor and control risks from RPTs.
 - 1.5 To maintain adequate capital against risks associated with exposures to related parties. In this regard, material risks arising from RPTs shall be considered in the capital planning process.
 - 1.6 To oversee the integrity, independence and effectiveness of the policies and procedures for whistleblowing. The board shall ensure that senior management addresses legitimate issues on RPT that are raised. The board shall take responsibility for ensuring that staff who raise concerns are protected from detrimental treatment of reprisals.
 - 1.7 To constitute an RPT Committee. The RPT Committee shall be comprised of at least three (3) members of the board of directors, two (2) of whom shall be independent directors, including the Chairperson. The Committee shall at all times be entirely composed of independent directors and non-executive directors, with independent directors comprising majority of the members. In case a member has a conflict of interest in a particular RPT, he should refrain from evaluating that particular transaction. The Internal Auditor may sit as resource person in the said Committee.
2. Responsibilities of the RPT Committee
- 2.1 Evaluate on an on-going basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored and subsequent changes in relationships shall be reflected in the relevant reports to the board and regulators/supervisors.
 - 2.2 Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g. price, commission, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee shall take into account, among others the following:
 - 2.2.1 The related party's relationship to the Company and interest in the transactions.
 - 2.2.2 The material facts of the proposed RPT, including the proposed aggregate value of such transaction.
 - 2.2.3 The benefits to the Company of the proposed RPT.
 - 2.2.4 The availability of other sources of comparable products or services.
 - 2.2.5 An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company shall have in place an effective price discovery system and have exercised due diligence in determining a fair price for RPTs. All RPTs that are considered material based on the Company's internal policies shall be endorsed by the RPT Committee to the board of directors for approval.
 - 2.2.6 Ensure that appropriate disclosure is made and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties.
 - 2.2.7 Report to the board of directors on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties.



- 2.2.8 Ensure that the transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.
- 2.2.9 Oversee the implementation of the system for identifying, monitoring, measuring, controlling and reporting RPTs including the periodic review of RPT policies and procedures.

Part 5 Board Processes

1. **Frequency of Meetings.** The Board shall hold a meeting for the organization immediately after their election, of which meeting no notice shall be required. Thereafter, the Board shall hold regular meetings at least quarterly in a year, at such particular day of the month in which the meeting will be held and at such particular hour or place as the Board may fix. Special meetings of the Board may be called by the CEO on a day's notice to each director either personally or in writing, or upon written request of two (2) directors. In all cases, the Board shall meet at least quarterly during the year and one (1) meeting should be scheduled before the start of the financial year. Each director must attend at least fifty (50%) of the board meetings held within the year.
2. **Quality of Meeting Materials.**
 - 2.1. Board meetings for the ensuing financial year are scheduled in advance before the end of the financial year, so as to allow members of the Board to plan ahead and fit the coming year's board and board committees meetings into their respective schedules.
 - 2.2. The Chairman, with the assistance of the Corporate Secretary, takes responsibility for ensuring that the members of the Board receive accurate, timely and clear information in respect of the Company's financial and operational performance to enable the Board to make sound decision and provide the necessary advice.
 - 2.3. Prior to each board meeting, an agenda together with the comprehensive reports for each agenda item to be discussed will be forwarded to each director at least five (5) business days before the scheduled meeting to enable the directors to obtain prior clarification or explanation, where necessary, in order to be adequately apprised before the meeting.
 - 2.4. In response to technological advancement in the digital space, the Board has taken the initiative to implement paperless board meetings where board papers are uploaded onto a secured platform and is accessible via tablet devices.
3. **Board Satisfaction Index.** Performed every year, the Board Satisfaction Index is a mechanism used to ensure continuing adequate support is provided by the Corporate Secretary to the Board, to assist directors in discharging their duties effectively. The areas of assessment cover transactional and operational efficiency, which includes the quality of the minute of the Board and board committees, of papers and meeting arrangements and of training and knowledge management, as well as advisory services on matters concerning directors' duties, such as disclosure of interests.
4. **Minutes of the Meetings.**
 - 4.1. The directors (through the Corporate Secretary) shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Board. The minutes of the meetings shall accurately record decisions taken and the views of the individual board members, where appropriate.
 - 4.2. Minutes of all meetings of the Board shall be kept and carefully preserved as record of the business transacted at such meeting. The minutes shall contain such entries as may be required by law.



5. **Quorum and Voting.** The directors shall act as a Board and the individual directors shall have no power as such. A majority of the directors shall be necessary at all meetings to constitute a quorum duly assembled as a Board and every decision of at least majority of the directors present at a meeting shall be valid as a corporate act. The quorum and voting requirements are subject to the provisions of the Corporation Code of the Philippines and related laws.
6. **Board Annual Outline Agenda.** The Board Annual Outline Agenda highlights to the Board, the relevant board committees as well as Management, the subject matters to be discussed for the year in order to facilitate better planning and for greater time effectiveness. The Annual Board Outline Agenda will be reviewed at every board meeting and updated, where appropriate. The subject matters included in the Board Annual Outline cover the following broad topics: (a) Strategy (b) Governance (c) Risk Management and (d) Administrative.
7. **Powers of the Board of Directors.** The Board shall have the management of the business of the Company and with such powers and authorities as may be prescribed by the Corporation Code of the Philippines and related laws. Specifically, the Board can delegate, from time to time, any of its powers which could lawfully be delegated in the course of the current business or businesses of the Company to any standing or special committee or to any other officer or agent and appoint any person with such powers (including the power to sub-delegate), and upon such terms as may be deemed fit.

Chapter 3 Relations with Shareholders

Part 1 Dialogue with Shareholders

1. **Principles.**
 - 1.1 There shall be a dialogue with shareholders based on the mutual understanding of objectives. The board as a whole has the responsibility for ensuring that a satisfactory dialogue with shareholders take place.
 - 1.2 The Board must maintain an effective communications policy that enable both the board and management to communicate effectively with its shareholders, stakeholders and the general public. This policy must effectively interpret the operations of the Company to the shareholders and must accommodate feedback from them, which should be factored into the Company's business decisions.
 - 1.3 The board shall keep in touch with shareholders' opinion in whatever way it is most practical and efficient.
2. **Essential Standards.**
 - 2.1 The Chairman shall ensure that the views of the shareholders are communicated to the board.
 - 2.2 The Chairman shall discuss governance and strategies with major shareholders.
 - 2.3 Non-executive directors shall be offered the opportunity to attend meetings with major shareholders and shall be expected to attend when requested by major shareholders.
 - 2.4 The senior independent director shall attend sufficient meetings with major shareholders to listen to their views in order to develop a balanced understanding of the issues and concerns of major shareholders.

Part 2 Constructive Use of the Annual Stockholders Meeting (ASM)

1. The board shall use the ASM to communicate with investors and encourage their participation.



2. The Company shall count all proxy votes and, except where a poll is called, shall indicate the level of proxies lodged on each resolution and the balance for and against the resolution and the number of abstentions, after it has been dealt with on a show of hands.
3. The Company ensures that votes cast are properly received and recorded.
4. The board proposes separate resolution at the ASM on each material issue (i.e. reports, accounts).
5. The Chairman, directors and members of the Audit, Remuneration and Nomination Committee shall be present at the ASM to answer questions.
6. Notices, annual reports including the latest annual financial statements of the Company shall be given to stockholders at least twenty-one (21) days prior to the ASM.

Chapter 4 Public Accountability

Part 1 Principle. As a custodian of public funds, the Company shall ensure that their dealings with the public are always conducted in a fair, honest and equitable manner.

Part 2 Essential Standards

1. Officers of the Company shall avoid conflict of interest.
2. They shall not engage in any unfair or deceptive acts or conduct that constitute unfair trade practices detrimental to policyholders and claimants.

Chapter 5 Responsibility for Good Governance

Part 1 Company Commitment. The board of directors and management shall commit themselves to the principles leading practices contained in this Charter. The board, management, employees and shareholders will undertake every effort necessary to create awareness within the organization.

Part 2 Designation of a Chief Compliance Officer.

1. To insure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Chief Compliance Officer. He shall have direct reporting responsibilities to the Chairman of the Board.
2. **Duties and Responsibilities of a Chief Compliance Officer**
In addition to the duties and responsibilities of the Chief Compliance Officer set out under the Compliance Operations Manual, the Chief Compliance Officer shall:
 - 2.1 Monitor compliance with the provisions and requirements of this Manual and the rules and regulations of the regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
 - 2.2 Appear before the Commission when summoned in relation to compliance with the code on corporate governance; and
 - 2.3 Issue a certification every January 30th of the year on the extent of the Company's compliance with the Charter for the completed year, explaining the reasons for such deviation.

---- nothing follows ----

